

Message Text

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ACTION EB-08

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E.O. 11652: N/A
TAGS: EAIR, AR
SUBJECT: CIVAIR - CAB ORDER RESTRICTING AEROLINEAS

REF: (A) STATE 39606, (B) STATE 40693, (C) STATE 40694

1. EMBOFFS MET WITH LARGHI TODAY TO DISCUSS CAB ORDER RESTRICTING AEROLINEAS FLIGHTS TO U.S. INITIAL REACTION OF LARGHI WAS THAT CAB ORSSR REPRESENTED "A DECLARATION OF WAR" AND THAT ULTIMATE RESULT MIGHT BE CANCELLATION OF ALL AEROLINEAS, BRANIFF, PAA FLIGHTS BETWEEN THE TWO COUNTRIES. LARGHI SAID HE WOULD STUDY IMPACT OF CAB ORDER ON AA OPERATIONS AND WOULD IMPOSE RESTRICTIONS OF AN EQUIVALENT MAGNITUDE ON BRANIFF AND PAA. HE SPECIFICALLY MENTIONED THAT A POSSIBLE INITIAL STEP MIGHT BE TO RESTRICT PAA FLIGHTS THROUGH RIO. IF THE CAB RETALIATES AGAIN IN RESPONSE TO THIS MEASURE, THE GOA WOULD IMPOSE FURTHER RESTRICTIONS AND, ASSUMING BOTH PARTIES WOULD ADOPT ALTERNATING COUNTERMEASURES, ULTIMATELY THERE WOULD BE NO AIR TRANSPORTATION BETWEEN THE TWO COUNTRIES.

2. IN DISCUSSING THE SPECIFIC REQUESTS UNDER THE CAB ORDER, LARGHI REITERATED THAT THE QUOTAS WERE NOT A NEW RESTRICTION ON BRANIFF FLIGHTS, CITING REGULATIONS
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DATING BACK AS FAR AS 1971 AND SHOWING A SIGNATURE OF THE BRANIFF REPRESENTATIVE AT THAT TIME ON A DOCUMENT TO ENFORCE THE QUOTAS. AS FOR THE QUESTIONS OF CHANGING GAUGES AT POINTS NORTH OF BUENOS AIRES AND FLEXIBILITY TO OMIT OR RESTORE SERVICE AT INTERMEDIATE POINTS, LARGHI REMARKED THAT THESE WERE BOTH MATTERS FOR NEGOTIATION AND THAT IT WAS "LAUGHABLE" THAT THE

CAB WOULD ATTEMPT TO INCLUDE THEM AS PRECONDITIONS FOR FURTHER CONSULTATIONS. HE SAID HE HAD REPEATEDLY PROPOSED THAT THESE MATTERS BE SETTLED AT THE NEGOTIATING TABLE, BUT THUS FAR THE U.S. HAD FAILED TO RESPOND.
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3. IN PREVIOUS CONVERSATION WITH LARGH, EMBOFFS

DID NOT SUGGEST THAT GOA CONCESSION TO U.S. DEMANDS CONCERNING FLEXIBILITY AND CHANGE OF GAUGE SHOULD BE A PRIOR CONDITION TO RESUMPTION OF NEGOTIATIONS OR CONSULTATIONS. ACTION REQUESTED. WE STRONGLY URGE THAT FOLLOWING PARAGRAPH IN CAB ORDER SHOULD THEREFORE BE DELETED SINCE IT IS INACCURATE:

"THE U.S. GOVERNMENT HAS ON NUMEROUS OCCASIONS DURING THE PAST THREE MONTHS REQUESTED THE ARGENTINE AUTHORITIES TO RECONFUDER THEIR DECISION ON THESE ISSUES PENDING CONSULTATIONS. THUS FAR THE ARGENTINE AUTHORITIES HAVE DECLINED TO DO SO."

4. GIVEN THE EMOTIONAL APPROACH TO THIS PROBLEM THAT LARGHI DEMONSTRATED IN OUR CONVERSATION, WE BELIEVE HE IS PREPARED WITH THE BACKING OF HIS SUPERIORS TO ESCALATE CONSIDERABLY BEHIND THE IMPOSITION OF THE QUOTA RESTRICTIONS ON PAA. V OUR VIEW, THE ONLY WAY TO STOP THIS PROCESS NOW IS TO ENTER INTO IMMEDIATE NEGOTIATIONS FOR AN INTERIM SOLUTION OF THE QUOTA PROBLEM WHICH MIGHT POSSIBLY BE LINKED TO THE LIMITED OFFICIAL USE

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QUESTION OF FLEXIBILITY AND CHANGE OF GAUGE.

5. AS FOR IMPACT OF PROPOSED RESTRICTIONS ON OUR POLITICAL/ECONOMIC RELATIONS WITH ARGENTINA, THE TIMING OF THE CAB ORDER IS PARTICULARLY UNFORTUNATE. PRESS TODAY CARRIED FRONT-PAGE HEADLINES ANNOUNCING REDUCTION OF U.S. MILITARY AID TO ARGENTINE. WE HAVE INITIATE AN INVESTIGATION TO IMPOSE COUNTER-VAILING DUTIES ON NON-RUBBER FOOTWEAR FROM

ARGENTINA AND MORE GENERALLY, WE HAVE BEEN PRESSING THE GOA HARD ON HUMAN RIGHTS. UNDER THE CIRCUMSTANCES IT IS DIFFICULT FOR THE GOA TO VIEW CAB ORDER AS MERELY AN ISOLATE CIVIL AVIATION MATTER. LARGHI HIMSELF SPECIFICALLY MENTIONED AMBASSADOR'S RECENT CONVERSATION ON CIVIL AVIATION WITH JUNTA MEMBER AGOSTI (BUENOS AIRES 1093) AND THE FACT THAT HUMAN RIGHTS CAME UP AS A CONSIDERATION.

6. GOA DOES INDEED VIEW PROPOSED RESTRICTIONS AS AN
EXCESSIVE RESPONSE. LARGHI CLAIMS TO HAVE STATISTICAL
DATA PROVING THAT VALUE OF TRAFFIC DENIED
AEROLINEAS EXCEEDS BY FAR VALUE PLACED BY U.S. ON
BRANIFF TRAFFIC. HE REJECTS CATEGORICALLY U.S. \$1.5
MILLION FOR BOTH.
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